

Internal Revenue Service

Department of the Treasury

District  
Director

Date: MAR 20 1986

Employer Identification Number:

Person to Contact:

Contact Telephone Number:

Refer Reply to:

CERTIFIED MAIL

Dear Ladies & Gentlemen:

We have considered your application for tax exempt status under section 501(c)(6) of the Internal Revenue Code.

The evidence reveals that you were created by a Trust on

The purpose for which the trust is formed is to provide financial institutions located in and and engaged in the business of making and servicing home mortgages the availability of an Insurance Plan to their eligible borrowers.

Section 501(c)(6) of the Code provides that business leagues, chambers of commerce, and boards of trades are exempt from Federal income tax if they are not organized for profit, and no part of their net earnings inures to the benefit of any private share holder or individual.

Section 501(c)(6)-1 of the Income Tax Regulations provides, in part, as follows:

A business league is an association of persons having some common business interest, the purpose of which is to promote such common interest and not to engage in a regular business of a kind ordinarily carried on for profit. It is an organization of the same general class as a chamber of commerce or board of trade. Thus, its activities should be directed to the improvement of business conditions of one or more lines of business as distinguished from the performance of particular services for individual persons. An organization whose purpose is to engage in a regular business of a kind ordinarily carried on for profit, even though the business is

conducted on cooperative basis or produces only sufficient income to be self-sustaining is not a business league.

By employing an agent and conducting the administrative responsibilities of offering an insurance plan, you are providing a particular service for individual members as a convenience and economy in the conduct of their respective business instead of primarily engaging activities for the improvement of business conditions within the home mortgage business. It is further concluded that the operation of an insurance plan constitutes a business of a kind ordinarily carried on for profit.

Accordingly, we conclude that you are not operated as a business league described in section 501(c)(6). Therefore you are not exempt from Federal Income Tax under Section 501(c)(6).

You are required to file a taxable return Form 1120 or 1041 with the District Director of Internal Revenue Service. Please send the return to the Internal Revenue Service, P.O. Box 1680, General Post Office Brooklyn, NY 11202.

If you do not agree with this determination, you request a Conference with the Regional Director of Appeals by protesting in accordance with the enclosed instructions within 30 days.

Protests submitted which do not contain all the documentation stated in the instructions will be returned for completions.

If we do not hear from you within that time, this determination will become final.

If you have any questions, please contact the person whose name and telephone number are shown in the heading of this letter.

Sincerely, yours,

A solid black rectangular box used to redact the signature of the District Director.

District Director

Enclosure: Publication 892